

# **Nomination and Remuneration Policy**

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## Introduction

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing regulations as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and other employees has been formulated and approved by the Board of Directors.

The policy shall ensure that the Company has a Board with diverse background and experience in areas that are relevant for the Company. It also seeks to lay down principles for fixing the remuneration/compensation to attract and retain the best suitable talent on the Board of the Company.

## Objectives

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Key Managerial positions and to determine their remuneration in consultation with the Managing Director/Executive Director of the Company.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the finance industry.
- Review of equity incentive/ESOP Plan.
- To carry out evaluation of the performance of Directors. Evaluation of Key Managerial and others Personnel shall be in consultation with the Managing Director/Executive Director of the Company.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and also to ensure long term sustainability of talented managerial persons to create competitive advantage.
- Define internal guidelines for payment of perquisites to the directors and KMP.

## Applicability

All new appointments made in the Board of Directors and KMP will be covered under this policy. Further, it also covers the remuneration of all existing and new directors as well as Key Managerial Personnel. The policy shall be applicable to the following:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel or Key Employees as defined in Articles of Association of the Company

## Definitions

**Board-** means Board of Directors of the Company.

**Directors-** means Directors of the Company.

**Committee-** means Nomination and Remuneration Committee of the Company as constituted by the Board.

**Company-** means Aye Finance Private Limited (AFPL).

**Independent Director-** means a director referred to in section 149(6) of the Companies Act, 2013 and as per Listing Regulation.

**Key Managerial Personnel (KMP) -** means

- (i) Managing Director or Chief Executive Officer or manager and in their absence, a Whole-time Director;
- (ii) Chief Financial Officer;
- (iii) Company Secretary;
- (iv) Such other officer as may be prescribed under the applicable statutory provisions / rules and regulations.

**Regulations or Listing Regulations-** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**Senior management-** means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

### General

This Policy is divided into three parts:

**Part – A** covers the matters to be dealt with and recommended by the Committee to the Board,

**Part – B** covers the appointment and nomination and

**Part – C** covers remuneration and perquisites etc.

The key features of this Company's policy shall be included in the Board's Report and on website of the Company.

**Part – A**

**Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The Committee shall:

- Review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and CEO.
- Assist the Board as required to identify individuals who are qualified to become Board members (including in respect of executive directors).
- Review and recommend to the Board on the appointment and re-appointment of directors, and where necessary propose candidates for consideration by the Board, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves.
- Evaluate the performance of Board of Directors of the Company;
- Assist the Board in evaluating performance of its Committees and in developing and implementing plans for identifying, assessing and enhancing director competencies.
- Review and make recommendations in relation to any corporate governance issues as requested by the Board from time to time in terms of the applicable laws.
- Review the time expected to be devoted by non-executive directors in relation to the Company's affairs.
- Ensure that an effective induction process is in place for any newly appointed director and regularly review its effectiveness.
- Ensure compliance of the Fit & proper criteria for the Directors of the Company

## **Part – B**

### **Policy for appointment and removal of Director, KMP and Senior Management**

The Board of Directors shall be responsible to ensure a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the Board.

The Board of Directors of the Company shall satisfy itself that there is a succession plans in place for appointment to the Board of Directors and senior management.

The Nomination and Remuneration Committee of the Company shall identify persons who are qualified to become directors, who may be appointed in senior management in accordance with the applicable regulatory norms.

#### **Appointment criteria and qualifications:**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

#### **Term / Tenure:**

##### **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

##### **Resignation/Removal of a Director**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulation, the Nomination and Remuneration Committee may recommend to the Board with the reasons recorded in writing, removal of a Director, KMP or senior management personnel subject to the provisions and compliance of the Companies Act, 2013. In case of resignation by the Director, the Company shall intimate the same to the Board and such resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the director in the notice, whichever is later

**Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**Resignation:**

The Company shall intimate the Registrar about the resignation of the Director. The resignation of a director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the director in the notice, whichever is later. The director who has resigned, shall be liable even after his resignation for the offences which occurred during his tenure.

**Retirement:**

A Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals (yearly). Any interested party (Directors/KMP/Senior Management) shall not participate in the meeting in which they are evaluated by the Committee.

## Part – C

### **Policy relating to the remuneration for the Managing Director, Whole-time Director, KMP and Senior Management Personnel:**

The Nomination and Remuneration Committee (NRC) of the Company shall evaluate the performance of the Directors including Independent Directors and recommend to the Board all fees, compensation/remuneration including fixed and variable and perquisites. The Board of Directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting, if required by the law. The Committee shall ensure the following:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The Company shall obtain prior approval from the Committee on the remuneration paid to the Managing or whole-time Director or any other director, KMP etc.

#### **Remuneration to Managing Director or Whole-time Director and Director etc.:**

The Remuneration/ Compensation/ Commission etc. to be paid to Managing Director, Whole-time Director, Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The Company shall not give loans and advances to an entity (company, firm, individual) in which the Director is interested.

#### **Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

#### **Remuneration to Independent Director:**

Independent Director shall not be an employee of the Company and the appointment letter issued to him/her shall not constitute a contract of employment. The Company shall pay the Independent Director remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board and, if required, approved by the Shareholders from time to time. Further, an Independent Director shall not be paid remuneration by way of commission, nor shall be entitled for any Stock Options, under Employee Stock Option Plans (ESOPs).

#### **Remuneration to Non- Executive Director:**

The Board may allow payment of compensation in the form of profit related commission to the non-executive directors, subject to the profits earned by the Company.



The Company may pay sitting fees to the non-executive directors and reimburse their expenses for participation in the Board and other meetings, subject to compliance with the provisions of the Companies Act, 2013.

### **Administrative matters**

Charter of the Nomination and Remuneration Committee shall specify the following:

- Minutes of the meeting.
- Quorum.
- Appointment of the Chairman of the Committee and
- Frequency of meetings of the Committee.

### **Effective Date**

This Policy has been recommended by the Nomination & Remuneration Committee and adopted by the Board of Directors of the Company at its Meeting held on 16 July 2018.

### **Review**

The Nomination and Remuneration Committee shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

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